

## Citizen and its Employees

### Cultivating Human Resources

#### Group Policy

In the Citizen Group, individual operational companies are responsible for developing human resources capable of adapting to the business environment in accordance with their respective policies. We have a comprehensive environment for human resource development with two training options. One is tiered training organized by Citizen Holdings and the other is training organized by separate Group companies.

#### Human Resource Development Program

Our aim is to train human resources to suit their working environments, through basic human resource development at individual Citizen Group companies in combination with Groupwide tiered training organized by Citizen Holdings. Citizen Holdings organizes tiered training for new employees, new managers and new executives from a Groupwide perspective.

We also run the Citizen Business License scheme, which offers financial incentives to members of staff who have obtained national or public qualifications at Group companies such as Citizen Holdings and Citizen Watch, and are continually working to create a climate that is conducive to employee self-development.

#### Efforts at Group companies

##### ■ Encouraging capacity development

Citizen Watch remains continuously involved in the watch school initiative, aimed at developing employees' skills and techniques in collaboration with other Group companies operating the watch business. As many staff members undertake skill tests and internal examinations each year, Citizen Watch was honored by the Minister of Health, Labour and Welfare as a business excelling in occupational skill development in 2009, in recognition of its contribution to the expansion and promotion of skill testing initiatives.

The Company will continue to work on this initiative, which that leads not only to sophisticated watch technologies but also to greater motivation among employees.



##### ■ Emphasis on human relationships in the transfer of skills to the younger generation

Citizen Seimitsu places an emphasis on human relationships in its transfer of skills to younger workers and in human resource development. Long-serving employees with strong skills and techniques that need to be retained are acknowledged as instructors and Meister (masters). The relationship between an instructor and a young employee under his or her instruction is registered as "a relationship between master and apprentice." The development of apprentices is regularly monitored and the team of master and apprentice report their activities in company-wide meetings. This practice promotes the transfer of skills and techniques and stimulates human resource development.

#### TOPICS The Citizen Watch Group

##### Double championships won in watch-making skills competition

The 23rd National Watch Making Skill Competition took place in October 2010. A total of 11 contenders from six companies in the Citizen Watch Group competed in the first and second categories. In the first category, Masamichi Nakano of Citizen Watch won first prize and Kenji Fuyama of Citizen Heiwa Watch won third, whereas in the second category Naomi Shibuya of Citizen Tohoku and Kunihiko Yamaguchi of Citizen Watch Miyota won first and third prizes respectively. Winning a total of four prizes, the Citizen Watch Group will continue its efforts to develop the skills of every single employee.



By nature, I love making things. I think that the appeal of watch-making lies in the sense of accomplishment I feel when I see a finished watch work after assembling every single part. I was really happy that my long history of trial and error gave me the confidence that enabled me to display my strength to the fullest extent in the competition and produced such a good outcome.

**Naomi Shibuya**  
Assembly Department,  
Watch Division  
Citizen Tohoku Co., Ltd.



### Promoting a Work-Life Balance

#### A Range of Schemes Aimed at Creating Ideal Working Environments

We flexibly manage work patterns to suit conditions in the workplace at Citizen Holdings, Citizen Watch, and other Group companies. In doing so, we make every effort to create an environment in which employees can easily take leave via a range of different schemes. Reduced work hours are available for employees raising children up to the end of the third grade of elementary school.

Employees are entitled to reduce their work hours

by two hours for the purpose of nursing care. On other fronts, we have extended the eligibility for our pooled leave scheme, which is designed to support employees looking after and raising children, until the end of junior high school as a means of promoting flexible working.

#### Usage of Childcare and Nursing Care Leave Schemes (16 Major Group Companies)

FY2010	Male	Female	Total
Employee Usage of Childcare Leave Opportunities	3	42	45
Employee Usage of Nursing Care Leave Opportunities	0	0	0

#### TOPICS CITIZEN TOHOKU

##### Setting up an in-house nursing room

In constructing a new landmark building for Citizen Tohoku in April 2008, we incorporated many different ideas with an eye to 100 years into the future, following the examples of Shimpei Goto, a local hero who gave us the name Citizen. One of these ideas is the nursing room called Bakke, which means in the Iwate dialect "butterbur sprout." This embodies our dream and hope of providing support for employees caring for children, while giving the children nursed there a chance to experience watch-making at the Watch School and perhaps grow to support the future of our Company. As the nursing room is located next to the workplace, there is some exchange between children and employees. Staffed with two childcare workers to look after up to five children, the facility has few vacancies at the moment. In response to unmet needs, consideration will be given to secure space and hiring childcare professionals.



Children in the Bakke nursing room

#### TOPICS CITIZEN HEIWA WATCH

##### Male employees taking childcare leave

As part of its assistance in raising the next generation, Citizen Heiwa Watch encourages male employees to take childcare leave. In the past, male employees have been reluctant to take the leave because it was unpaid. After the scheme was revised to ensure five paid days during the leave, three male employees took childcare leave in fiscal 2010. Active efforts will be made to facilitate the involvement of male employees in childcare.

Now it is easier for men to take leave for childcare purposes. I took full advantage of it.



**Hideki Fujimoto**  
Modules Section,  
Watch Manufacturing Division  
Citizen Heiwa Watch Co., Ltd.

### Creating Healthy, Safe and Comfortable Working Environments

#### Initiatives for Maintaining and Promoting Health

The Citizen Health Insurance Society carries out activities aimed at promoting good health amongst employees and the families who support them. It is endeavoring to increase the percentage of families undergoing regular medical checkups. It also offers regular health advice to persons diagnosed with actual or potential metabolic syndrome in cooperation with individual premises.

In addition, it places emphasis on providing extensive support covering families by encouraging the use of generic drugs, organizing health workshops open to employees and their families, and providing Citizen Health Counseling Services that are available over the phone 24 hours a day.

#### Health and Safety Activities at our Tokyo Office

We continually explore measures and compile specific action plans to ensure employees' health and safety at our Tokyo Office, primarily through the Health and Safety Committee.

Safety activities depend fundamentally on eliminating risks in the workplace and on the ability of individual employees to detect and avoid dangers. We comprehensively improve safety standards via a dedicated facility safety assessment committee and carry out risk assessments and workplace swap patrols to eliminate risk

factors. The primary challenge for fiscal 2010 was to raise the health level amongst employees.

The practice of regularly doing exercises such as walking on the premises, walking stairs, and physical exercises during the lunch break was promoted as Midday Sports Club Activities in a manner that displays results in visible form in the workplace and boosts employee motivation. Two automated external defibrillators (AEDs) were added to ensure that at least one of the three AEDs is within three minutes reach from anywhere on the premises. After lifesaving training, 7% of the employees are now capable of operating AEDs.

#### Uptake of Regular Medical Checkups and Regular Health Advice (at 32 offices)

	FY2008	FY2009	FY2010
Uptake of regular medical checkups(employee + family)	77.2%	75.5%	75.6%
Rate of metabolic syndrome	10.4%	10.8%	11.5%
Rate of predicted metabolic syndrome	10.4%	11.9%	11.8%
Uptake of regular health advice	66.9%	31.3%	36.4%

#### Accidents Occurring at 16 Major Group Companies

	FY2008	FY2009	FY2010
No. of fatal accidents	0	0	0
No. of accidents resulting in lost work time	3	10	6

#### TOPICS CITIZEN ELECTRONICS

##### China-based works certified with OHSAS 18001

Xunke Electronics Ltd., a manufacturing subsidiary based in the Chinese province of Guangdong, obtained OHSAS 18001 certification for occupational health and safety management systems in February 2011. It has constructed and will control and operate its system for managing occupational health and safety. Including not only tangible measures such as capital investment but also intangible initiatives that consider human factors, it is designed for the prevention of diseases and accidents. Aiming to meet customers' requests in addition to CSR requirements, Xunke Electronics will seek to embed this system in its operations.



OHSAS training